

VZCZCXYZ0016
RR RUEHWEB

DE RUEHGV #0366/01 1321132
ZNR UUUUU ZZH
R 121132Z MAY 09
FM USMISSION GENEVA
TO SECSTATE WASHDC 8412

UNCLAS GENEVA 000366

SIPDIS

DEPARTMENT FOR IO/T, IO/MPR and EBB/CIP/MA

E.O. 12958: N/A

TAGS: [ECPS](#) [EINT](#) [ITU](#)

SUBJECT: ITU GOING FOR BUDGET TRANSPARENCY

¶1. SUMMARY: The International Telecommunication Union (ITU) convened an informal meeting to review plans and parameters for the 2010-2011 biennial budget that will be on the agenda for the October ITU Council meeting. ITU plans to 'balance' the budget by drawing no more from reserves than the previous biennium. ITU is committed to zero nominal growth with salary and other costs absorbed by prioritizing, reducing activities and reducing costs. One potentially contentious issue may be the proposal to move the World Radio Conference from the fourth quarter of 2011 to the first quarter of 2012. The ITU is on schedule for the new budget to be IPSAS compliant. However, that raises issues on how to value the buildings and what to do about after service health insurance (ASHI) liabilities. The issues will be discussed in detail June 8 - 12 at the meeting of Council Working Groups on Financial Regulations and the Tripartite Group on Human Resources as well as the Management and Budget Group. At those meeting U.S. proposals for whistle blower protection, an ethics function, financial disclosure and an audit committee also will be discussed. END SUMMARY.

¶2. Richard Barr, ITU Chief of Finance and Administration, invited representatives of ITU member states to a briefing on the plans for the ITU 2010-2011 biennial budget, the first such meeting ever held by the ITU. Barr had several motivations: first, to be as transparent as possible; to learn of members' concerns early; to preview issues for the meetings in June; and, to attempt to avoid contentious and hasty budget debate at the ITU Council meeting in October. Operating within the limitation of zero nominal growth (ZNG), ITU will absorb increased salary costs and membership-directed new expenditures such as publishing the ITU News in six languages and new mandates from the World Telecom Standards Assembly (WTSA). As a result, the current draft budget sees small decreases in the budgets of the General Secretariat and the Radio bureau with small increases in the Standards and Development bureaus.

¶3. The next World Radiocommunication Conference (WRC) is scheduled for the fourth quarter of 2011 and lasts about one month or more. The 2010-2011 draft budget moves it to the first quarter of 2012 that would postpone 4 million Swiss francs (just under 4 million USD) in expenditures to the next biennial budget. Barr explained that sufficient Geneva conference space is unavailable during the proposed fourth quarter of 2010. One member state offered to host the WRC, but the current schedule puts the WRC during Ramadan. A first quarter 2012 WRC could be held in Geneva. Several delegations voiced concerns that the postponement would create too large of an agenda, delay decisions needed to keep up with technology and also disrupt the current plans for the WRC preparatory conference. Barr took note of the concerns and suggested he might be required to re-draft the budget during the Council meeting if the Council decides not to postpone the WRC.

¶4. The draft budget includes additional staff development funds; Barr sees great need for management training. The budget assumes an average 4 percent of staff post vacant during recruitment and envisions the opening of an ITU New York office. Barr hopes that with efficiencies, e.g., becoming more paperless, there could be an opportunity to create an expenditure 'wish list' that could include an additional staff person in the internal auditor's office.

¶5. On the revenue side, the ITU hopes to be able to fix the contributory unit (c.u.) at 318,000 Swiss francs (USD 290,000), since the number of c.u.s made by each member state is voluntary, if members believe that the ITU is useful, they could increase their number of c.u.s. At present, some members are reluctant to increase their c.u.s for fear that the amount of the c.u. would increase, creating an unbudgeted increase. The ITU also hopes that more professional marketing will result in increased revenue for document sales.

¶6. Barr explained a 'balanced budget' by drawing on reserves was 'standard practice' for the ITU. An expected reserve draw down of 10.108 million Swiss francs (9 million USD) could be offset by an expected 8.397 million Swiss franc surplus (7.6 million USD) from the 2008-2009 budget. Barr would like to maintain at least the required minimum reserve, but would like drawdown 'excess' reserves to consider one-off investments such as an increase in staff training and incentives for early retirement. The ITU is expecting (or hoping) that Telecom World (to be held in Geneva in October) will break even, even though exhibit space has been reduced by one-third. Past Telecom World events were major money makers for the ITU.

¶7. The full impact of IPSAS accounting standards will not really be known until the release of audited financial statement for 2010 (the ITU will continue to budget biennially, but IPSAS will require annual budget statements). However, IPSAS requirement that the ASHI liability be recognized could be counterbalanced by carrying the ITU building as an asset.

¶8. COMMENT: It was a useful meeting attended by perhaps representatives of a dozen member states. Mr. Barr has been on the job for about one year and has brought professional and modern management to the ITU. While Barr understands that IPSAS does not require funding ASHI (but does require recognizing the potential liability), he does mention the WHO practice of setting aside funds for the eventual obligation. The U.S. Delegation should be ready to discuss the issue at the June Council Working Groups meetings, as well as other budget issues and all remaining US-initiated transparency and accountability issues.

STORELLA #